



OFFICE OF THE COMPTROLLER
CITY OF ST. LOUIS



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September 3, 2009

Nancy Kistler, Deputy City Counselor
City Counselor's Office
314 City Hall
St. Louis, MO 63103

RE: Community Development Block Grant (CDBG) (#2009-CDA45)

Dear Ms. Kistler:

Enclosed is a report of our fiscal monitoring review of the City Counselor's Office, Community Development Block Grant (CDBG) Program, for the period January 1, 2008, through December 31, 2008. The scope of a fiscal monitoring review is less than an audit, and as such, we do not express an opinion on the financial operations of City Counselor's Office. Fieldwork was completed on May 20, 2009.

This review was made under authorization contained in Section 2, Article XV of the Charter, City of St. Louis, as revised, and has been conducted in accordance with the *International Standards for the Professional Practice of Internal Auditing* and through an agreement with the City of St. Louis, Community Development Administration (CDA) to provide fiscal monitoring to all grant sub-recipients.

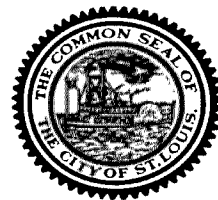
If you have any questions, please contact the Internal Audit Section at (314) 622-4723.

Sincerely,

Dr. Kenneth M. Stone, CPA
Internal Audit Executive

Enclosure

cc: Jill Claybour, Acting Executive Director, CDA
Lorna Alexander, Special Assistant for Development, CDA



CITY OF ST. LOUIS

**COMMUNITY DEVELOPMENT ADMINISTRATION (CDA)
COMMUNITY DEVELOPMENT BLOCK GRANT (CDBG)**

**CITY COUNSELOR'S OFFICE
CONTRACTS #08-10-63 and #08-90-03
CFDA #14.218**

**FISCAL MONITORING REVIEW
JANUARY 1, 2008 THROUGH DECEMBER 31, 2008**

PROJECT #2009-CDA45

DATE ISSUED: SEPTEMBER 2, 2009

**Prepared by:
The Internal Audit Section**



OFFICE OF THE COMPTROLLER

HONORABLE DARLENE GREEN, COMPTROLLER

**CITY OF ST. LOUIS
COMMUNITY DEVELOPMENT ADMINISTRATION (CDA)
CITY COUNSELOR'S OFFICE
FISCAL MONITORING REVIEW
JANUARY 1, 2008 THROUGH DECEMBER 31, 2008**

TABLE OF CONTENTS

<u>Description</u>	<u>Page(s)</u>
INTRODUCTION	
Background	1
Purpose	1
Scope and Methodology	1
Exit Conference	1
Management's Responses	2
SUMMARY OF OBSERVATIONS	
Conclusion	3
Status of Prior Observations	3
A-133 Status	3
Summary of Current Observations	3
DETAILED OBSERVATIONS, RECOMMENDATIONS AND MANAGEMENT'S RESPONSES	4-5

INTRODUCTION

Background

Contract Names: City Counselor's Office-Legal Services Support
City Counselor's Office-Problem Property Team

Contract Numbers: 08-90-03, Legal Services Support
08-10-63, Problem Property Team

CFDA Number: 14.218

Contract Periods: January 1, 2008 through December 31, 2008

Contract Amounts: \$260,000 (08-90-03)
\$285,542 [Revised] (08-10-63)

These contracts provided Community Development Block Grant (CDBG) funds to the City Counselor's Office (Agency) for legal remedies for Problem Properties throughout the City and legal services to efficiently administer and carryout the Problem Properties program.

Purpose

The purpose of this fiscal monitoring review was to determine the Agency's compliance with federal, state and local Community Development Block Grant (CDA) requirements for the period January 1, 2008, through December 31, 2008, and make recommendations for improvements as considered necessary.

Scope and Methodology

Inquiries were made regarding the Agency's internal controls relating to the grant administered by the (CDA). Evidence was tested supporting the reports the Agency submitted to CDA and other procedures were performed as considered necessary. Fieldwork was completed on May 20, 2009.

Exit Conference

An exit conference was conducted at the Agency on August 25, 2009. The Agency was represented at the exit conference by Karen Rettig, Administration Assistant I, Debby Niccum, Clerk II, and Leslye Yancey-Mitchell, Attorney Manager. The Internal Audit Section was represented by Marlon Pepper, Auditor I, and Jeremy Holtzman, Auditor II.

Management's Responses

The management's responses to the observations and recommendations identified in the draft report were received from the Agency on August 25, 2009. These responses have been incorporated into this report.

SUMMARY OF OBSERVATIONS

Conclusion

The Agency did not fully comply with federal, state and local CDA requirements.

Status of Prior Observations

The Agency's previous fiscal monitoring report, Project #2009-CDA45, issued November 25, 2008, contained one observation:

- Monthly financial reports were not submitted in a timely manner. **(Repeated, see current observation #1)**

A-133 Status

The Agency is a part of the City of St. Louis government. Therefore, the Agency is covered under the City's A-133 audit.

Summary of Current Observations

Recommendations have been made for the following observations, which if implemented could assist the Agency in fully complying with federal, state and local CDA requirements.

1. Opportunity to submit monthly financial reports in a timely manner (Repeated)
2. Opportunity to submit monthly programmatic reports in a timely manner

**DETAILED OBSERVATIONS, RECOMMENDATIONS
AND MANAGEMENT'S RESPONSES**

1. Opportunity to Submit Monthly Financial Reports in a Timely Manner

The Agency did not submit any 2008 monthly financial reports for its contract #08-90-03.

The contract agreement with CDA requires the Agency to submit monthly financial reports by no later than the 10th business day after the end of the reporting period.

The Agency's management did not comply with the provisions of the contract.

Non-compliance with the CDA regulations or OMB Circular A-133 reporting compliance requirements may cause a delay, suspension in the processing of reimbursement requests or eventual termination of the contract resulting in interruption in the Agency's services not being provide.

Recommendation

It is recommended that the Agency establish a system of internal control to ensure that all financial reports are submitted by no later than the 10th business day after the end of the reporting period.

Management's Response

In response to the findings of your department, regarding the 2009 Fiscal Monitoring Review of the 8-10-63 and 8-90-03 contracts, the City Counselor's Office has implemented an internal control system, which became effective April 24, 2009, ensuring that all financial reports are submitted in a timely manner.

2. Opportunity to Submit Monthly Programmatic Reports in a Timely Manner

The Agency submitted all 12 of its monthly programmatic reports late on an average of 10 days.

The contract agreement with CDA (fiscal and programmatic procedures) requires the Agency to submit monthly programmatic reports by no later than the 10th business day after the end of the reporting period.

The Agency's management did not adhere to the provisions of the contract.

Non-compliance with the CDA regulations or OMB Circular A-133 reporting compliance requirements may cause a delay or suspension in the processing of reimbursement requests resulting in interruption in the Agency's services to its clients.

Recommendation

It is recommended that the Agency establish a system of internal control to ensure that all monthly programmatic reports are submitted by no later than the 10th business day after the end of the reporting period.

Management's Response

In response to the findings of your department, regarding the 2009 Fiscal Monitoring Review of the 8-10-63 and 8-90-03 contracts, the City Counselor's Office has implemented an internal control system, which became effective April 24, 2009, ensuring that all financial reports are submitted in a timely manner.